

STATE FINANCE COMMITTEE
OLYMPIA, WASHINGTON

February 8, 2000

The State Finance committee met in special meeting after notice duly given to the press and radio of Thurston County.

Present: Michael J. Murphy, State Treasurer
Gary Locke, Governor

Also Present: Nancy Adams, Office of the State Treasurer
Darlene Cimino DeRose, Montague DeRose & Associates
Svein Braseth, Office of the State Treasurer
Susan Musselman, Susan D. Musselman, Inc.
Jeanne Cushman, Office of the Attorney General
Allan J. Martin, Office of the State Treasurer
William G. Tonkin, Foster Pepper & Shefelman
Dean Torkelson, Seattle Northwest Securities
Michael L. Clarey, Office of the State Treasurer
Gretchen Gale, Office of the State Treasurer
Jim Bemis, Montague DeRose & Associates
Mike Roberts, Office of Financial Management
Shad Pruitt, Office of the State Treasurer
Elise Greef, Department of Transportation
Susan Melvin, Office of the State Treasurer
Kirstan Arestad, Department of General Administration
Barton Potter, Office of the State Treasurer
Vicki Cox, Office of the State Treasurer
Marty Brown, Office of Financial Management
Sue Martin, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Governor Locke moved the minutes for the December 17, 1999, meeting be approved. Chairman Murphy seconded the motion. The motion passed and the minutes were adopted.

Mr. Martin introduced proposed Resolution No. 909 which accepts the bids and awards the sale of \$253,000,000 State of Washington Various Purpose General Obligation Bonds, Series 2000B. Bids were received at the Office of the State Treasurer at 8 a.m. PST from four firms. Bear Sterns bid a true interest cost (TIC) of 5.9106151%; Goldman Sachs & Co. bid a TIC of 5.8955963%; Merrill Lynch bid a TIC of 5.9113088%; and Salomon Smith Barney bid a TIC of 5.9009323%, with the apparent winning bidder being Goldman Sachs & Co. Mr. Martin said proceeds from the Series 2000B bonds will be used to finance projects authorized by the 1999-01 capital budget which are currently underway or to reimburse construction accounts for work already completed.

Mr. Martin presented proposed Resolution No. 909 to the committee.

Resolution No. 909 providing for the award of sale of \$253,000,000 State of Washington Various Purpose General Obligation Bonds, Series 2000B, authorized by Chapter 14, Laws of 1989, 1st Ex. Sess., as amended, Chapter 456, Laws of 1997, Chapter 380, Laws of 1999, and Chapter 39.42 RCW.

Governor Locke moved to adopt Resolution No. 909. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Torkelson said rates were up one-half of one percent and the bids were good bids.

Mr. Martin introduced proposed Resolution No. 910 which accepts the bids and awards the sale of \$27,000,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2000C. Bids were received at the Office of the State Treasurer at 8:30 am Pacific Standard Time from two firms. Merrill Lynch offered a TIC of 5.9600334% and Salomon Smith Barney offered a TIC of 5.9912982%, with the apparent winning bid being Merrill Lynch.

Mr. Martin presented proposed Resolution No. 910 to the committee.

Resolution No. 910 providing for the award of sale of up to \$27,000,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2000C, authorized by Chapter 158, Laws of 1992, and 39.42 RCW.

Governor Locke moved to adopt Resolution No. 910. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin introduced proposed Resolution No. 911 which authorizes a one-year extension of the fiscal agent bank agreement with the Bank of New York and Wells Fargo Bank, N.A. The Bank of New York (BONY) and Wells Fargo Bank provide fiscal agent services on a total of \$30,908,006,572 outstanding par value of bonds with Washington State, 39 counties and 392 obligors as participants. Previous Requests for Proposals for fiscal agent services have coincided with the statewide election cycle, a process that takes the better part of a year. The change will allow committee members to determine the fiscal agent agreement during the committee member's term. The extension will leave in place the existing agreement under the same terms and conditions until January 31, 2002. Chairman Murphy said state and local governments paid fees of \$5,344,819.30 for 1993 through 1999, and interest earnings paid to state and local governments for 1993 through 1999 totaled \$16,528,357.76. The net paid to state and local governments under the fiscal agent agreement for 1993 through 1999 was \$11,183,538.46.

Mr. Martin said participants of the due diligence process were polled wrote letters in support of the extension. They know of no controversy relating to the extension, Martin said, and BONY is meeting the needs of the state and local governments. Chairman Murphy said interest earnings are distributed back to local governments regularly.

Mr. Martin presented proposed Resolution No. 911 to the committee.

Resolution No. 911 authorizes the Chairman of the State Finance Committee to execute an extension under the same terms and conditions with The Bank of New York and Wells Fargo, N.A. , with respect to the fiscal agents pursuant to Chapter 43.80 RCW.

Governor Locke moved to adopt Resolution No. 911. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin introduced proposed Resolution No. 912 which authorizes the issuance and sale of up to \$4,621,000 of State of Washington Certificates of Participation (COP) for the Department of General Administration "Kelso Property" acquisition. Proceeds of the sale will be used by the Department of General Administration to purchase a 60,300 square foot office building and associated land in the city of Kelso currently occupied by the Department of Social and Health Services and the Employment Security Department. Bond Counsel is Foster Pepper & Shefelman with Susan Musselman as Financial Advisor.

Mr. Martin presented proposed Resolution No. 912 to the committee.

Resolution No. 912 authorizing the issuance and sale of an amount up to \$4,621,000 State of Washington Certificates of Participation (General Administration Kelso Building and Land Acquisition) plus financing costs and required reserves pursuant to chapter 379, Section 905(1)(b), Laws of 1999.

Governor Locke moved to adopt Resolution No. 912. Chairman Murphy seconded the motion and the resolution was adopted.

There being nothing further to come before the committee, the meeting was adjourned at 9:21 a.m.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Michael J. Murphy, State Treasurer & Chairman

Gary Locke, Governor & Member

Brad Owen, Lieutenant Governor & Member

Allan J. Martin
Acting Deputy State Treasurer & Secretary